

Boardroom Installation

By George Porter

You know what a boardroom is don't you? It's the room where all the heads of big companies meet and plan their future. These are the movers and shakers of the industry, the VIP's, CEO's, COO's and generally the board of the corporation. These are the folks that are about as far away from crawling in the mud and stacking concrete blocks as you can get. To be fair about it, some of them, especially the original owners and founders of the companies and their offspring may have done it but most board members these days have not, and of course they don't need to. Their time is much better spent thinking of the big picture, the stockholders and the next quarterly earnings, that kind of thing.

Installation is something that someone else in the organization takes care of at a much lower level than where the company directors operate. Everyone works for someone and at the board level the employer is generally thought to be the stockholders. The stock must remain healthy for the company to be healthy. Many times the compensation given to the board members and directors of the corporation is directly related to the worth of the stock because stock certificates themselves are often the compensation. The value of the stock is related to the profit the company generates because the higher the quarterly dividend the more people want to own the stock and that creates a demand. But, there is much more to it than this one factor. For instance the threat of trouble, such as a bad economic forecast for the future of an industry will cause stock to drop. Liability from a pending lawsuit will damage the stock price as well if it is big enough. Public opinion may change about a product and cause a shift in the amount the stock is traded for, the public doesn't want a stock with no future.

As an industry, our stocks are about as low as they have ever been, why? We make fairly good profits on our products, many companies have lots of cash and other assets so what's the problem with the stock? Could it be that because of our low production numbers the general public doesn't consider our future bright? It would seem hard to believe that selling the most affordable home in the United States would not be a good reason to have some serious optimism! So, why the problems?

I suggest that the public doesn't identify with and/or understand us. When a pharmaceutical company comes out with a new cancer drug investors know what it can do and what it will be worth to the people with cancer. They want a piece of the action, so they buy the stock and the more buyers that bid for it, the higher the price goes.

When the board wants to grow the company they look for more customers to sell their products to and I think this is where we start to undo ourselves. This industry has always had a huge problem figuring out who the customer is! There is a good reason for this, it is called the production line and the focus is on manufacturing. To keep the lines running and keep the money coming to pay the quarterly stock dividends you need to get invoices paid. And the factory invoice is usually paid by a bank holding a floor plan with a retailer. That is where the factory money comes from and the retailer is the customer. (If you are wondering where installation figures in all this, don't give up we are getting close)

Ok, if the retailer is the customer then what does he want from the factory? What does the factory offer him to get him to buy their products? The number one thing a factory can offer a retailer is profit. Profit is a very good thing! Without profit what are we doing in business? We must pay our people, we must have equipment and supplies and these things are not free. A retailer's life is hard; in fact lately it is very hard. We have lost loads of dealerships over the last two years because most just couldn't make a profit. Every business must turn a profit or die, period. So who are the dealers' customers? Well of course they are the general public and a dealer must meet or exceed the competition from other retailers in the area and make a living while he is at it. When the uninformed public visited the retail lots in the region they couldn't tell any difference in what homes they saw other than size or floor plan and the low payment usually won out. Easiest way to get a lower payment was to spend the minimum on installation required in your area. In the past these requirements (if there were any) have varied greatly nationwide.

This is going to change, soon. The Manufactured Housing Improvement Act demands uniformity in installation, basically you have to do whatever the factory manual says. This brings us back to the boardroom. There is an opportunity here for either liability or profit. Either your manual will be easy to follow and can be read by installers and enforced by inspectors and or it won't. When the retailer and installer have carefully followed the MANUFACTURERS INSTRUCTIONS, as required by the federal guidelines for all states, guess who now is deeply involved in the installation business. This ability to comply will either sell homes for the manufacturer or, will make installers, inspectors, retailers, and consumers upset with how hard it is to do what it says in the manual. In the case of the latter they may want to look elsewhere for their products. The selling point for manufacturers in the not too distant future might be not just how much does the home cost at the show, but how hard is it to make the home comply with the law. How easy is it to install and at what cost? Will larger floor joists mean less perimeter blocking? The floor joists cost more in the factory invoice but will save at the point of installation. This will lower the overall cost.

The home with the easiest manual and the cleverest design for installation requirements may well be the winner in this new kind of industry we are about to find ourselves in, and that will make the stock go up. If I was a board member of a manufactured housing company I would have much more than a passing interest in installation, it is soon going to be directly related to my compensation and I would be absolutely focused on it.